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SUBJECT: MUTHARIKA ANNOUNCES A COMPREHENSIVE AND
FORWARD-LOOKING AGENDA

¶1. (SBU) Summary: In his State of the Nation address on June 23, President Mutharika highlighted his first administration's achievements in food security, economic growth, and respect for democracy through successful and peaceful elections. Mutharika said the voters gave him an overwhelming mandate to continue his development plan in the recent elections, highlighting nine priorities for his second administration - agriculture and food security, the Greenbelt irrigation project, education, transport and infrastructure, integrated rural development, youth empowerment, climate change and environmental management, energy and mining, and public health. Mutharika also said he will continue to govern justly, without recrimination, to create an atmosphere of political tolerance. The President asked for continued foreign assistance and international investment, particularly for the Greenbelt project, but also in infrastructure, manufacturing, and mining sectors. Comment: Mutharika's development priorities in the key sectors of HIV and health care, education, and agricultural development meld well with existing and planned USG programs. End Summary.

¶2. (U) In his first State of the Nation address since his landslide reelection, Mutharika said Malawians had spoken loud and clear, voting on issues and not ethnicity for the first time. He said the election results were an overwhelming mandate for the continuation of his policies and development agenda of the past five years. Mutharika highlighted his first administration's achievements, focusing on macroeconomic stability including low inflation, low interest rates, and stable exchange rates. The President credited the improved economic environment for the 7.5% average real GDP growth during his first term, which he called "Malawi's Economic Miracle." Mutharika added that his government has restored foreign aid donor confidence, saying annual aid flows to Malawi had increased 220% since 2004 and now totaled over US\$630 million annually.

3, (U) Mutharika admitted that Malawi had many needs, but said he would use his parliamentary majority to accelerate the pace of development. Saying Malawi would move from poverty to prosperity, he would focus the government's efforts on nine priorities during the next five years.

- Agriculture and Food Security
- Greenbelt Irrigation and Water Development
- Education, Science, and Technology
- Transport, Infrastructure, and the Nsanje World Inland Port Development
- Climate Change, Natural Resources and Environment Management
- Integrated Rural Development
- Public Health Sanitation, and HIV/AIDS Management
- Youth Development and Empowerment
- Energy, Mining, and Industrial Development

4, (U) Addressing each priority in turn, Mutharika said he

would expand his signature fertilizer subsidy and lower the price of a 50kg bag of fertilizer by a further 37% to US\$3.52 for the coming year. Describing the Greenbelt irrigation project as an "economy-changing program" that would create thousands of jobs and investment opportunities, Mutharika said the project would reduce Malawi's dependence on rain-fed agriculture and diversify its food production by focusing on rice production and fish farming along Lake Malawi, Lake Chirwa, and the Shire river. The President said that education is the key to solving Malawi's capacity issues and promised to continue to increase government resources devoted to the sector. Mutharika also said his roads program, which had shown how critical transport infrastructure was to socio-economic development, would continue at an increased pace. He also declared the Shire-Zambezi Waterway and Nsanje Inland Port projects would reduce import and export costs by over 60%, claiming funding for the projects from the EU, World Bank, and African Development Bank.

15. (U) Mutharika briefly addressed the impact of climate change on Malawi and stressed he would implement new efforts to conserve forests, plant trees, and prevent land degradation. The President said he would continue with decentralization, transportation improvement, and rural market construction to make sure growth reached the rural masses. He credited donors for their assistance in the fight to stop the HIV pandemic and said he would continue to work to improve health care delivery for all Malawians. Mutharika pledged to increase vocational and entrepreneurial training for youths as well. Lastly, the President said the government would rehabilitate three power stations and explore alternative energy sources to expand power generation

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to encourage investment and manufacturing. Mutharika also said the government would create a conducive environment for mining investment which he thought could bring significant growth to Malawi.

16. (U) After his development priorities, Mutharika discussed his commitment to governing justly and respecting human rights. He said that his government would continue to consolidate democracy and observe the rule of law. He dismissed fears of a parliamentary autocracy, saying his party's large majority in the legislature would advance the welfare of Malawians and protect the interests of minorities and the vulnerable. He reiterated that he would govern without recrimination or revenge and pledged to create an atmosphere of political tolerance and inclusiveness.

17. (U) The President concluded by thanking foreign donors for their support and asked for continued and increased support of his priorities. He also asked for the support of international investors to help accelerate Malawi's pace of development. Mutharika singled out his proposed Greenbelt irrigation program along the shores of Lake Malawi and the Shire River as an excellent investment opportunity, but also touted infrastructure, manufacturing, mining, and technology sectors.

18. (SBU) Comment: Mutharika's State of the Nation address was both comprehensive and forward-looking. He expanded on many ideas he developed in his first administration and reelection campaign. Notably, Mutharika's detailed descriptions of his development programs in HIV and health care, education, and agricultural development meld well with existing U.S.-funded programs in these sectors. We are encouraged by the GOM's reinvigorated approach and will leverage this new momentum to work toward our joint goals.

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